

EXHIBIT C



ProNational®
INSURANCE COMPANY
A ProAssurance Company

04-2136
1-1-05
ProNational Insurance Company

205/877-4400

800/282-6242

Fax 205/802-4789

www.ProNational.com

November 17, 2004

Ms. Carmen M. Williams
Insurance Analyst
New Jersey Division of Insurance
20 West State Street
Trenton, NJ 08625-0325

RE: ProNational Insurance Company

FEIN 38-2317569

Physicians, Surgeons, Dentists, Podiatrists, Allied Health Professionals,
Groups and Health Care Facilities
Rates Filing

Dear Ms. Williams:

Thank you and Bob Spitzer for speaking with us today regarding the captioned rate filing. Please accept this letter that we have agreed to revise our rates from the requested 20.2% rate increase to 15%. Accordingly, please find enclosed the final rate pages that reflect the rate revisions.

Please continue your review of this filing. I look forward to receiving official approval. Meanwhile, if you have any questions regarding this filing, please contact me at (800) 282-6242, ext. 4426, or e-mail me at lgoodwin@proassurance.com.

Sincerely,

LaQuita B. Goodwin
Compliance Specialist

Enclosures

042136 010105

B. Physicians and Surgeons Professional Liability Rates

1. Claims-Made Rates by Year

Class Code	\$500,000 / \$1,000,000				
	1	2	3	4	5+
1	3,465	5,011	6,769	7,261	7,823
2	4,800	7,120	9,756	10,494	11,337
3	6,136	9,229	12,743	13,727	14,852
4	7,471	11,337	15,730	16,960	18,366
5	8,807	13,446	18,718	20,194	21,881
6	10,410	15,976	22,302	24,074	26,098
7	11,478	17,663	24,692	26,660	28,910
8	14,149	21,881	30,667	33,127	35,939
9	16,820	26,098	36,642	39,594	42,968
10	19,491	30,315	42,616	46,060	49,997
11	22,162	34,533	48,591	52,527	57,026
12	24,833	38,750	54,565	58,994	64,054
13	27,504	42,968	60,540	65,460	71,083
14	33,914	53,089	74,879	80,980	87,953
15	38,188	59,837	84,438	91,327	99,199

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1. Claims-Made Rates by Year (cont.)

Class Code	\$1,000,000 / \$3,000,000				
	1	2	3	4	5÷
1	3,970	5,809	7,898	8,483	9,152
2	5,558	8,316	11,450	12,328	13,331
3	7,146	10,823	15,002	16,172	17,510
4	8,734	13,331	18,554	20,017	21,689
5	10,322	15,838	22,106	23,862	25,867
6	12,227	18,847	26,369	28,475	30,882
7	13,498	20,853	29,211	31,551	34,225
8	16,674	25,867	36,315	39,240	42,583
9	19,850	30,882	43,419	46,929	50,941
10	23,026	35,897	50,523	54,618	59,299
11	26,202	40,912	57,627	62,308	67,657
12	29,378	45,926	64,731	69,997	76,015
13	32,554	50,941	71,836	77,686	84,372
14	40,176	62,976	88,886	96,140	104,431
15	45,258	71,000	100,252	108,443	117,804

042136 010105

2. Reporting Endorsement Rates by Year

Class Code	\$500,000 / \$1,000,000				
	1	2	3	4	5+
1	5,633	9,544	11,500	12,908	13,690
2	8,163	13,831	16,665	18,706	19,840
3	10,693	18,119	21,832	24,506	25,991
4	13,224	22,407	26,998	30,304	32,141
5	15,754	26,695	32,165	36,104	38,292
6	18,791	31,840	38,364	43,062	45,672
7	20,815	35,270	42,498	47,702	50,593
8	25,876	43,846	52,830	59,299	62,893
9	30,937	52,421	63,163	70,897	75,194
10	35,998	60,996	73,496	82,495	87,495
11	41,059	69,572	83,828	94,093	99,796
12	46,119	78,146	94,159	105,689	112,095
13	51,180	86,721	104,492	117,287	124,395
14	63,326	107,303	129,291	145,122	153,918
15	71,423	121,023	145,823	163,678	173,598

2. Reporting Endorsement Rates by Year (cont.)

Class Code	\$1,000,000 / \$3,000,000				
	1	2	3	4	5+
1	6,589	11,165	13,453	15,101	16,016
2	9,598	16,264	19,597	21,996	23,329
3	12,607	21,362	25,740	28,892	30,643
4	15,616	26,461	31,883	35,787	37,956
5	18,624	31,558	38,024	42,681	45,267
6	22,235	37,676	45,397	50,955	54,044
7	24,642	41,755	50,311	56,471	59,894
8	30,660	51,951	62,597	70,262	74,520
9	36,678	62,148	74,883	84,053	89,147
10	42,695	72,345	87,170	97,843	103,773
11	48,713	82,542	99,456	111,634	118,400
12	54,731	92,738	111,742	125,425	133,026
13	60,748	102,934	124,027	139,214	147,651
14	75,190	127,406	153,514	172,311	182,754
15	84,819	143,721	173,172	194,377	206,157

EXHIBIT A

NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE
OFFICE OF PROPERTY/CASUALTY
FILING SOURCE DOCUMENT
PERSONAL / COMMERCIAL LINES

FOR DEPARTMENT USE ONLY	
FILE NO:	DATE RECEIVED: 10-27-04
ANALYST: cmw 04-2136	LETTER DATE: 10-27-04
TYPE OR PRINT THE FOLLOWING INFORMATION	
MARKET: (Choose One)	Commercial <input checked="" type="checkbox"/> Personal <input type="checkbox"/> Rate <input checked="" type="checkbox"/> Rule <input checked="" type="checkbox"/> Form <input type="checkbox"/> Other <input type="checkbox"/> Plain Language Certification <input type="checkbox"/>
TYPE OF FILING: (Check All Applicable Boxes)	04

3. PROPOSED EFFECTIVE DATE: NEW BUSINESS RENEWALS

4. COMPANY NAME

GROUP # NA/C #

[illegible][illegible]

FOR BUREAU USE ONLY

8. BUREAU DESIGNATION #:

NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE
OFFICE OF PROPERTY/CASUALTY
FILING SOURCE DOCUMENT

9. Does this filing contain any provisions previously disapproved by the New Jersey Insurance Department? Yes ☐ No ☒

If yes, provide the New Jersey Department File # _____

10. Does this filing change Rates, Rules or Forms currently approved and on file with the New Jersey Insurance Department? Yes ☒ No ☐

If yes, provide the following: New Jersey Department File # _____

Effective Date _____

03-2787

1/1/2004

11. Is this filing identical to another submission filed for use in New Jersey by another carrier? Yes ☐ No ☒

If yes, provide the following: New Jersey Department File # _____

Company Name _____

12. Enter applicable Annual Statement Statutory Page 14 line of business number(s) for the line of insurance being filed. Line No. _____

11

13. Does this filing have an impact on rates charged to insureds? Yes ☒ No ☐

If yes, provide the following: Overall Percentage Change _____

20.2%

Dollar Impact _____

\$1,085,786

Number of exposures affected by change _____

How measured (# of drivers, policies, etc.) _____

571

policies

Range of increase/decrease per insured _____

-10.2

% smallest & 63.1 largest

Current and Proposed Statewide Average Premium _____

\$33,460

current &

(For Homeowners show separately for owner and tenant forms) \$40,231 proposed

AFFIDAVIT OF COMPLIANCE

The attached filing, to the best of my knowledge and belief, fully conforms to all pertinent State of New Jersey laws, and New Jersey Department of Banking and Insurance rules and requirements. The attached filing, to the best of my knowledge and belief, contains no provisions previously disapproved by the New Jersey Department of Banking and Insurance or its predecessors, except as specifically noted above.

Name (Please Print): LaQuita B. Goodwin

Signature: _____

Title: Compliance Specialist

Phone #: (205) 877-4426

Fax #: (205) 414-2887

E-Mail Address: lgoodwin@proassurance.com

ProNational Insurance Company

Physicians and Surgeons Professional Liability
Rates Effective January 1, 2005

New Jersey

Component	Change
Base Rate	13.8%
<u>Class Plan</u>	<u>1.2%</u>
Total	15.0%

Exhibit 9

ProNational Insurance Company

Physicians and Surgeons Professional Liability
Rate Tables - \$1,000,000/\$3,000,000 Limits

New Jersey

Class	Claims-Made Coverage Year (a)					Reporting Endorsement at End of Year (b)				
	1	2	3	4	5+	1	2	3	4	5+
1	3,970	5,809	7,898	8,483	9,152	6,589	11,165	13,453	15,101	16,016
2	5,558	8,316	11,450	12,328	13,331	9,598	16,284	19,597	21,996	23,329
3	7,146	10,823	15,002	16,172	17,510	12,807	21,362	25,740	28,892	30,643
4	8,734	13,331	18,554	20,017	21,689	15,616	26,461	31,883	35,787	37,956
5	10,322	15,838	22,106	23,862	25,867	18,624	31,558	38,024	42,681	45,267
6	12,227	18,847	26,369	28,475	30,882	22,235	37,676	45,397	50,955	54,044
7	13,498	20,853	29,211	31,551	34,225	24,642	41,755	50,311	56,471	59,894
8	16,674	25,887	36,315	39,240	42,583	30,680	51,951	62,597	70,262	74,520
9	19,850	30,882	43,419	46,929	50,941	36,878	62,148	74,883	84,053	89,147
10	23,026	35,897	50,523	54,618	59,299	42,695	72,345	87,170	97,843	103,773
11	26,202	40,912	57,627	62,308	67,657	48,713	82,542	99,456	111,634	118,400
12	29,378	45,926	64,731	69,997	76,015	54,731	92,738	111,742	125,425	133,026
13	32,554	50,941	71,836	77,686	84,372	60,748	102,934	124,027	139,214	147,651
14	40,176	62,976	88,886	96,140	104,431	75,190	127,406	153,514	172,311	182,754
15	45,258	71,000	100,252	108,443	117,804	84,819	143,721	173,172	194,377	208,157

Rate Tables - \$500,000/\$1,000,000 Limits

1	3,465	5,011	6,769	7,261	7,823	5,633	8,544	11,500	12,908	13,990
2	4,800	7,120	9,758	10,494	11,337	8,163	13,831	16,865	18,706	19,840
3	6,136	9,229	12,743	13,727	14,852	10,693	18,119	21,832	24,506	25,981
4	7,471	11,337	15,730	16,860	18,366	13,224	22,407	26,998	30,304	32,141
5	8,807	13,446	18,718	20,194	21,881	15,754	26,895	32,165	36,104	38,292
6	10,410	15,976	22,302	24,074	26,098	18,791	31,840	38,364	43,062	45,672
7	11,478	17,663	24,692	26,660	28,910	20,815	35,270	42,496	47,702	50,593
8	14,149	21,881	30,667	33,127	35,939	25,876	43,846	52,830	59,299	62,893
9	16,620	26,098	36,642	39,584	42,968	30,937	52,421	63,163	70,887	75,194
10	19,491	30,315	42,816	46,060	49,997	35,998	60,996	73,496	82,495	87,495
11	22,182	34,633	48,591	52,527	57,026	41,059	69,672	83,828	94,093	99,796
12	24,833	38,750	54,585	58,994	64,064	46,119	78,146	94,159	105,689	112,095
13	27,504	42,968	60,540	65,460	71,083	51,180	86,721	104,492	117,287	124,395
14	33,914	53,069	74,879	80,980	87,953	63,326	107,303	129,291	145,122	153,918
15	38,188	59,837	84,438	91,327	99,199	71,423	121,023	145,823	163,678	173,598

Notes: (a) Rates are calculated as:

$$\frac{\text{Base Pure Prem.} \times \text{ULAE Load} \times \text{Class Rel.} \times \text{Step Factor} \times \text{ILF}}{\{(1.0 - \text{Variable Expense Load} - \text{DD\&R Load}) \times (1.0 - \text{Premium Discount Level})\}} + \text{Fixed Expense}$$

The base pure premium for ratemaking purposes is calculated based on the previously effective base rate, adjusted by the selected base rate increase from Exhibit 2. The indicated base rate is then further adjusted by the rate making factors detailed below to derive the indicated base pure premium.

General expenses were adjusted to remove the fixed expense portion of underwriting expenses. Fixed expenses of \$475 per policy were selected based on an analysis of company-wide data.

For example, the class 6, \$1M/\$3M, 3rd year claims-made rate is equal to:

$$\frac{\$9,435 \times 1.060 \times 1.800 \times 0.850 \times 1.000}{\{(1.0 - 0.246 - 0.050) \times (1.0 - 0.150)\}} + \$475$$

(b) Reporting endorsement rate equals mature claims-made rate times applicable reporting endorsement step factor.



ProNational Insurance Company

205/877-4400
800/252-6242
Fax 205/802-4799
www.ProNational.com

October 27, 2004

Ms. Carmen M. Williams
Insurance Analyst
New Jersey Division of Insurance
20 West State Street
Trenton, NJ 08625-0325

RE: ProNational Insurance Company
FEIN 38-2317569
Physicians, Surgeons, Dentists, Podiatrists, Allied Health Professionals,
Groups and Health Care Facilities
Rates Filing

Dear Ms. Williams:

I submit for your review and approval the rates and rules filing for the captioned program. While we are requesting an effective date of January 1, 2005, in the interest of complying with prior notice to be given to insureds, we would appreciate a response as soon as possible.

The enclosed Filing Memorandum and its exhibits should fully explain the changes being made to the development of the rates. Other changes include:

1. Hospitalist has been added to the Intensive Care Medicine definition on page 7.
2. Urgent Care ISO code has been changed from 80424 to 80424(F) on Page 8.
3. Rating classes 16 and 17 have been deleted and the ISO specialty codes in those classes have been reassigned accordingly. Pages 36 and 57 have been revised to reflect this deletion as well.
4. The per visit rates for the ER and urgent care classes have been revised and is noted on page 60.
5. Page 49 has been revised to include the statement that excess limits are only offered above underlying limits of \$1,000,000.

If this filing is acceptable, please return one copy of filing with your stamp of approval in the postage paid envelope that is enclosed for your convenience. If you have any questions regarding this filing, please contact me at (800) 282-6242, ext. 4426, or e-mail me at lgoodwin@proassurance.com.

Sincerely,

LaQuita B. Goodwin
Compliance Specialist

Enclosures

ProNational Insurance Company

Physicians and Surgeons Professional Liability
Rates Effective January 1, 2005
Filing Memorandum
New Jersey

This memorandum and the attached exhibits summarize a revision to physicians and surgeons professional liability rates for ProNational Insurance Company (ProNational), in the state of New Jersey. The overall impact of this filing is a 20.2% increase. **The proposed effective date for this filing is January 1, 2005.** Due to the small size and the relative immaturity of the current book of business, 571 inforce risks for a program that ProNational began writing in 1999, the rates of competitors are considered in this filing, as well as the actual experience of ProNational in New Jersey.

The following competitors' rates were considered in the development of the ProNational rate:
Princeton Insurance Company, effective May 1, 2004, MilX Advantage Company of New Jersey, effective December 1, 2003, and ProSelect Insurance Company, effective January 1, 2004.

Changes are being made to the specialty class plan. For details, see Exhibit 5. Also, the rate calculation is being changed to more appropriately account for the loading of Death, Disability, and Retirement. For details of the new calculation, see Exhibit 2.

In addition to these changes, the dentist rates are also being increased by the same base rate change as the physicians and surgeons. At 6/30/2004, ProNational had no inforce dentists, so there will be no impact on the current book of business.

Exhibit 1 - Calculation of Overall Rate Change Effect

Compares the current and proposed rates for ProNational's distribution of insureds. The proposed average mature rate is 20.2% higher than the current average mature rate.

Exhibit 2 - Calculation of Indicated Base Rate

Shows the calculation to produce the proposed base rate by applying the appropriate class off-balance factors from Exhibit 5 to the current base rate, and comparing the result to current competitor base rates. Competitor base pure premiums were adjusted to the ProNational class plan based on the off-balance factors calculated in Exhibit 6. Competitor pure premiums were further adjusted to reflect different underlying expense levels and the effect of trend from the most recent filings for each company. These pure premiums were then developed into rates using the ProNational load factors for ULAE, DO&R, variable and fixed expenses, and discount levels. The indicated rate change using this method is 27.2%. This exhibit also considers the ProNational indicated rate change from Exhibit 3 in its final selection, which is equal to 24.2%. The final, credibility weighted, selected base rate change is 23.0%.

Exhibit 3 - Development of Ultimate Loss and ALAE

Calculates the loss experience for ProNational for the state of New Jersey and selects an indicated change to apply to the base class pure premium. It also shows the loss development assumptions that underlie the projected loss ratio used in calculating the indicated change. Loss and ALAE underlying the rate indications are valued as of June 30, 2004.

Exhibit 4 - Adjustment of Premium From Collected to On-Level Manual Basis

Adjusts collected earned premiums to a on-level premium (before premium credits/debits) basis at current rate.

Exhibit 5 - Calculation of Class Plan Off-Balance Factor

This exhibit calculates the adjustments that are applied to the base rate to account for the differences between the proposed and current class plans, utilizing the distribution of ProNational insureds in New Jersey.

Exhibit 6 - Calculation of Class Plan Off-Balance Factor

These exhibits calculate the adjustment that is applied to the current rates to account for differences between ProNational's class plan and those of its competitors.

Exhibit 7 - Profit and Contingencies Load

Calculates a profit provision, net of investment income based on estimated earnings as a percent of earned premiums and the required return from insurance operations.

Exhibit 8 - Calculation of ULAE Load

Shows the selected ULAE load, based on countrywide historical experience for the ProAssurance group of companies.

Exhibit 9 - Rate Tables

Rates are shown by class, policy limit, and claims-made year for claims-made coverage and for reporting endorsement coverage.

Exhibit 10 - Dentists Rate Tables

Rates are shown by class, policy limit, and claims-made year for claims-made coverage and for reporting endorsement coverage.

Exhibit 9

ProNational Insurance Company

Physicians and Surgeons Professional Liability
Rate Tables - \$1,000,000/\$3,000,000 Limits

New Jersey

Class	Claims-Made Coverage Year (a)					Reporting Endorsement at End of Year (b)				
	1	2	3	4	5+	1	2	3	4	5+
1	4,118	8,042	8,229	8,841	9,541	6,870	11,640	14,025	15,743	16,697
2	5,780	8,666	11,946	12,864	13,914	10,018	16,975	20,454	22,958	24,350
3	7,441	11,290	15,663	16,888	18,287	13,167	22,310	26,882	30,174	32,002
4	9,103	13,914	19,381	20,911	22,661	16,316	27,646	33,312	37,391	39,657
5	10,765	16,538	23,098	24,935	27,034	19,464	32,981	39,740	44,606	47,310
6	12,759	19,687	27,559	29,763	32,282	23,243	39,384	47,455	53,265	56,494
7	14,089	21,786	30,533	32,982	35,781	25,762	43,853	52,598	59,039	62,617
8	17,413	27,034	37,988	41,029	44,528	32,060	54,324	65,456	73,471	77,924
9	20,736	32,282	45,402	49,076	53,274	38,357	64,984	78,313	87,802	93,230
10	24,060	37,530	52,837	57,123	62,021	44,655	75,666	91,171	102,335	108,537
11	27,384	42,778	60,272	65,170	70,768	50,953	86,337	104,029	116,767	123,844
12	30,708	48,026	67,706	73,217	79,514	57,250	97,007	116,886	131,198	139,150
13	34,031	53,274	75,141	81,264	88,261	63,548	107,678	129,744	145,631	154,457
14	42,008	65,870	92,984	100,577	109,253	78,662	133,289	160,602	180,267	191,183
15	47,327	74,266	104,880	113,452	123,248	88,739	150,383	181,175	203,359	215,684

Rate Tables - \$500,000/\$1,000,000 Limits

1	3,589	5,208	7,047	7,661	8,160	5,868	9,943	11,981	13,448	14,263
2	4,987	7,414	10,173	10,945	11,828	8,516	14,430	17,387	19,516	20,699
3	6,384	9,621	13,299	14,329	15,506	11,164	18,917	22,794	25,585	27,136
4	7,782	11,828	16,425	17,713	19,184	13,812	23,404	28,200	31,654	33,572
5	9,180	14,035	19,552	21,096	22,862	16,461	27,892	33,607	37,722	40,009
6	10,857	16,683	23,303	25,157	27,276	19,639	33,277	40,096	45,005	47,733
7	11,875	18,448	25,804	27,864	30,218	21,757	36,866	44,420	49,860	52,882
8	14,770	22,862	32,057	34,832	37,674	27,053	45,840	55,234	61,997	65,755
9	17,586	27,276	38,309	41,399	44,930	32,350	54,815	66,047	74,135	78,628
10	20,361	31,689	44,562	48,187	52,286	37,646	63,789	76,880	86,272	91,501
11	23,156	36,103	50,815	54,934	59,642	42,942	72,763	87,674	98,409	104,374
12	25,951	40,616	57,067	61,702	66,998	48,239	81,738	98,487	110,547	117,247
13	28,747	44,830	63,320	68,469	74,354	53,535	90,712	109,300	122,684	130,120
14	35,455	55,523	78,326	84,711	92,008	66,246	112,250	135,252	151,813	161,014
15	39,928	62,584	88,330	95,539	103,778	74,720	126,609	152,554	171,234	181,612

Notes: (a) Rates are calculated as:

$$\frac{\text{Base Pure Prem.} \times \text{U.I. AE Load} \times \text{Class Rel.} \times \text{Step Factor} \times (1-F) + \text{Fixed Expense}}{\{(1.0 - \text{Variable Expense Load} - \text{DD\&R Load}) \times (1.0 - \text{Premium Discount Level})\}}$$

The base pure premium for ratemaking purposes is calculated based on the previously effective base rate, adjusted by the selected base rate increase from Exhibit 2. The indicated base rate is then further adjusted by the rate making factors detailed below to derive the indicated base pure premium.

General expenses were adjusted to remove the fixed expense portion of underwriting expenses. Fixed expenses of \$475 per policy were selected based on an analysis of company-wide data.

For example, the class 6, \$1M/\$3M, 3rd year claims-made rate is equal to:

$$\frac{(\$9,874 \times 1.060 \times 1.800 \times 0.850 \times 1.000) - \$475}{\{(1.0 - 0.246 - 0.050) \times (1.0 - 0.150)\}}$$

(b) Reporting endorsement rate equals mature claims-made rate times applicable reporting endorsement step factor.